

5 November 2010

Mr Lyndon Rowe  
Chairman  
Economic Regulation Authority  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000

Dear Lyndon

**Determination of Cost\_LR Ancillary Service Parameters**

Further to System Management's submission, of 25 November 2009, for the Cost\_LR parameters System Management wishes to submit a revised allocation for the value of System Restart Services.

System Management proposes this revision in accordance with the Wholesale Electricity Market Rule 3.13.3C.

This submission is for the second review period 1 July 2010 to 30 June 2013, and material changes for the 2011/12 and 2012/13 financial years.

In System Management's prior submission the proposed System Restart ("R") value reflected its estimate of the likely cost of competitively procured System Restart Services in the SWIS.

Subsequent to this submission System Management has completed its competitive procurement process for three System Restart Services in the SWIS.

System Management is finalising its negotiations of three new contracts subject to obtaining funding. Whilst these have not been executed, the quantum of the payments has been agreed.

System Management proposes the following revised values for Cost\_LR

(\$ 000)	2011/12	2012/13
Load Rejection Reserve (L)	0 (no change)	0 (no change)
System Restart (R)	491.2	499.0

The proposed values are based on a forecast CPI of 3%

Should you have any questions in relation to this, please contact Gavin White 9427 5787.

Yours sincerely

Ken Brown  
General Manager, System Management

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